

1997

North Dakota Individual Income Tax Forms and Instructions Form 37-S and Form 37



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STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
STATE CAPITOL, 600 E. BOULEVARD AVE., BISMARCK, NORTH DAKOTA 58505-0599

Dear Taxpayer:

Attached are your 1997 North Dakota individual income tax forms along with instructions. The Office of the State Tax Commissioner has tried to make the forms as brief as possible. We believe the instructions are clear and concise. There are a few issues to which I would draw your attention.

- **Are you using the right form?** You have two options for filing your taxes. One is Form 37-S (Short Form), and the other is Form 37 (Long Form). Form 37-S and Form 37 have different tax rates and will generate different tax liabilities. It is possible that you would pay more tax using one form over the other. There is no relationship between the State forms and the form you file for federal income tax. Please review both forms and use the one which is to your advantage. Our records show that over 90 percent of current filers have used the Form 37-S. Generally, Form 37-S is quicker to complete, easier to understand, and will result in a lower tax liability for you.
- **Remember to attach a copy of your federal return.** State law requires that you attach a copy of your federal income tax return to your North Dakota income tax return. If you file your federal return using the IRS's TeleFile system, attach a copy of the Federal TeleFile Worksheet. We do accept the 1040PC format.
- **If you are expecting a refund,** you will want to prepare your return and file it early. By completing an accurate return and filing it early, the Office of the State Tax Commissioner can send your refund to you more quickly.
- Finally, if you need help in completing your North Dakota income tax return after you have read the instructions in this booklet, please refer to the back cover for taxpayer assistance information.

Thank you,

Rick Clayburgh
TAX COMMISSIONER

PLEASE REMOVE LABEL AND ATTACH TO RETURN

Preparation Reminders

- Except for the amount of tax, credits, withholding and estimated tax, you may round numbers to the nearest dollar.
- If another person completes your return, please provide this booklet to the preparer so that the pre-addressed label, forms, and envelope can be used by the preparer.
- Attach a complete copy of your federal return to your North Dakota return. If you used the IRS's TeleFile system to file your federal return, attach a copy of the Federal TeleFile Worksheet.
- Keep a copy of your return for your records.
- Incomplete returns will not be accepted but will be returned to the taxpayer for completion.

Obtaining Information About Your Return

Income tax information that you provide to the Office of State Tax Commissioner is protected by the confidentiality provisions of the law. Therefore, the Office of State Tax Commissioner generally will not provide income tax information over the telephone because of the difficulty in confirming a caller's identity. However, you may submit a written request to obtain information about your return, check on your refund or estimated tax payments, or obtain other income tax information that is available only to you. A written request must contain: (1) Your name and current address; (2) Your social security number; (3) A daytime telephone number; (4) A description of the information desired; (5) The tax year for which the information is desired; and, (6) Your signature. **Please allow six weeks after you file your return before inquiring about your refund.**

PRIVACY ACT INFORMATION - In compliance with the Federal Privacy Act of 1974, Public Law 93-579, the disclosure of the individual's social security number on this form is mandatory and is required under Subsections 1 and 7 of North Dakota Century Code § 57-38-31. An individual's social security number is used as an identification number by the Office of State Tax Commissioner for file control purposes, recordkeeping, and for crosschecking the taxpayer's files with the Internal Revenue Service.

Message To North Dakota Taxpayers Regarding North Dakota Use Tax Payable

If, in 1997, you purchased goods and did not pay state or city sales or use tax on that purchase and if you used those goods in North Dakota, please contact the North Dakota Sales and Special Taxes Division at 701-328-3389 to receive a form on which you must remit North Dakota use tax (and applicable city use tax) on the purchase price including shipping and handling costs.

WHAT IS USE TAX?

Use tax is imposed on the privilege of using merchandise in North Dakota. Use tax applies to all goods used in North Dakota that are normally subject to sales tax, if the full sales tax rate was not charged at the time of purchase. Use tax protects in-state businesses from the unfair competition of out-of-state businesses that may sell goods tax free. It also assures fairness to the North Dakota residents who have purchased similar goods within the state and paid the state sales tax.

WHY AM I HEARING ABOUT USE TAX?

North Dakota use tax law has been in existence since 1939 and applies to individuals as well as businesses. Large growth in the direct marketing industry (catalog, television shopping channels, internet, direct 800 phone numbers, etc.) has made compliance with the use tax law very important. Some estimates calculate that North Dakota loses from six to ten million dollars per year in uncollected sales taxes on direct marketing goods ordered by residents of this state.

HOW IS USE TAX APPLIED?

Example 1: You purchased sporting goods from an out-of-state direct marketing company. North Dakota sales tax was not included in the price you paid. You owe use tax on the purchase price of the goods including all shipping and handling costs.

Example 2: During your vacation to Montana, you purchased a new camera without paying sales tax (Montana has no sales tax). The camera was brought back to your residence in North Dakota. Because no sales tax was paid on the camera, you owe use tax on the purchase price.

Form **37-S** **North Dakota Individual Income Tax Return** **1997**
(Short Form)

For the year January 1 to December 31, 1997, or other taxable year beginning _____, 1997, and ending _____, 19 ____.

NOTE: If information on label is not correct, please make corrections on label.	Your first name and initial _____ Last name _____		Your Social Security Number _____	
	If joint return, spouse's first name and initial _____ Last name _____		Spouse's Social Security Number _____	
	Mailing address _____ Apt. No: _____		(PH) Daytime Phone _____	
	City, town or post office, State and Zip Code _____ PLACE LABEL WITHIN BLOCK		Were you required to pay estimated income tax to IRS for 1997? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Filing Status - 1. <input type="checkbox"/> Single 3. <input type="checkbox"/> Married filing separately - Enter your spouse's name _____ 4. <input type="checkbox"/> Head of Household (Check only one) 2. <input type="checkbox"/> Married filing joint 5. <input type="checkbox"/> Surviving spouse with dependent child				
Filing Category - 1. <input type="checkbox"/> Resident Note: If you moved into or out of North Dakota during 1997, see page 4 for instructions on which box to check. Check either of these boxes Only If It Applies To You - See page 3 of instructions: (Check only one) 2. <input type="checkbox"/> Nonresident <input type="checkbox"/> Amended return School District - Enter number _____ Income Source Code - Enter number _____ <input type="checkbox"/> Extension form attached from list on page 12 of instructions from list on page 4 of instructions				

A Complete Copy Of Your Federal Return Must Be Attached

A. Federal adjusted gross income (from Line 32, Form 1040 or Line 16, Form 1040A or Line 4, Form 1040EZ or line H, TeleFile Worksheet) (SX)		A			Form 37-S
B. Federal taxable income (from Line 38, Form 1040 or Line 22, Form 1040A or Line 6, Form 1040EZ or line J, TeleFile Worksheet) (SS)		B			
1. Federal income tax liability — see instructions for amount to enter on this line (SV) 1					
➤ If you don't need lines 3, 4 and 5, enter amount from Line 1 on Line 9, then go to Line 10.					
2. Federal adjusted gross income (From Line A above) (SH)					2
3. Interest on U.S. obligations (Residents only) (SN)					3
4. Nonresidents Only: (Attach Schedule NR) (SA)					4
5. Other (See instructions) Identify ➤ (ST)					5
6. Total (Add Lines 3, 4, and 5) (S)					6
7. North Dakota adjusted gross income (Line 2 less Line 6) (SC)					7
8. Line 7 divided by Line 2 (Round to nearest whole percentage) %					8
9. Adjusted federal income tax liability (Line 1 multiplied by percentage on Line 8) (SI)					9
10. North Dakota income tax [Line 9 multiplied by .14 (14%)] (SB)					10
11. Credit for income tax paid to another state (Attach Schedule 4) (SD)					11
12. Family member care credit (Attach Schedule FC) (S2)					12
13. Total credits (Add Lines 11 and 12) (S)					13
14. NET TAX LIABILITY (Line 10 less Line 13. If less than zero, enter -0-) (CF) (SE)					14
15. North Dakota income tax withheld (Attach supporting W-2s and 1099s) (SF)					15
16. 1997 estimated tax payments and amount applied from 1996 return (S&)					16
17. Total payments (Line 15 plus Line 16) (S)					17
If Line 17 Is Greater Than Line 14, Complete Lines 18 Through 22. If Line 17 Is Less Than Line 14, Complete Lines 23 Through 26.					
18. OVERPAYMENT (Line 17 less Line 14) If less than \$5, enter zero (SG)					18
19. Amount of Line 18 you wish to apply to 1998 estimated tax (SQ)					19
20. Amount of Line 18 you wish to contribute to Nongame Wildlife Fund (SP)					20
21. Amount of Line 18 you wish to contribute to Centennial Tree Trust Fund (SW)					21
22. REFUND (Line 18 less Lines 19, 20, and 21) If less than \$5, enter zero (SR)					22
23. TAX DUE (Line 14 less Line 17) If less than \$5, enter zero (SZ)					23
24. Voluntary contribution to Nongame Wildlife Fund (Only if tax due on Line 23) (SU)					24
25. Voluntary contribution to Centennial Tree Trust Fund (Only if tax due on Line 23) (SY)					25
26. BALANCE DUE (Line 23 plus Lines 24, 25 and, if applicable, 27) Pay to STATE TAX COMMISSIONER (ST)					26
27. Total interest from Form 400-UT (See instructions) (SO)					27

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. **For Privacy Act Information, see inside front cover of instruction booklet.**

_____ Your Signature	_____ Date
_____ Spouse's Signature (if joint return)	_____ Date
_____ Signature of Preparer other than Taxpayer	_____ Date

☐ OPR

PLEASE DO NOT WRITE IN THIS SPACE

"Buy
North
Dakota
Products"

For the year January 1 to December 31, 1997, or other taxable year beginning _____, 1997, and ending _____, 19 _____.

NOTE: If information on label is not correct, please make corrections on label.	Your first name and initial _____ Last name _____		Your Social Security Number _____	
	If joint return, spouse's first name and initial _____ Last name _____		Spouse's Social Security Number _____	
	Mailing address _____ Apt. No: _____		(PH) Daytime Phone _____ () _____	
	City, town or post office, State and Zip Code _____ PLACE LABEL WITHIN BLOCK		Were you required to pay estimated income tax to IRS for 1997? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Filing Status - 1. <input type="checkbox"/> Single 3. <input type="checkbox"/> Married filing separately - Enter your spouse's name _____ 4. <input type="checkbox"/> Head of Household (Check only one) 2. <input type="checkbox"/> Married filing joint 5. <input type="checkbox"/> Surviving spouse with dependent child				
Filing Category - 1. <input type="checkbox"/> Resident Note: If you moved into or out of North Dakota during 1997, Check either of these boxes Only If It (Check only one) 2. <input type="checkbox"/> Nonresident see page 4 for instructions on which box to check. Applies To You - See page 3 of instructions:				
School District - Enter number _____ Income Source Code - Enter number _____ from list on page 12 of instructions from list on page 4 of instructions <input type="checkbox"/> Amended return <input type="checkbox"/> Extension form attached				

A Complete Copy Of Your Federal Return Must Be Attached

Tax Computation Schedule - Residents must complete Schedule 2 and Nonresidents must complete Schedule 3 before completing this schedule.				
1. North Dakota taxable income (Residents from Line 32, Schedule 2. Nonresidents from Line 29, Schedule 3)	(A)	1		
2. Compute tax using the Tax Rate Table below and enter result		2		
3. Credit for income tax paid to another state (Attach Schedule 4)	(D)	3		
4. Credit for contributions to nonprofit private colleges in North Dakota	(?)	4		
5. Credit for contributions to nonprofit private high schools in North Dakota	(-)	5		
6. Credit for purchasing long-term care insurance	(1L)	6		
7. Other credits (Identify)	(1T)	7		
8. Total credits (Add Lines 3 through 7)		8		
9. Balance (Line 2 less Line 8. If less than zero, enter -0-)		9		
10. Venture Capital Corporation Credit	(1K)	10		
11. North Dakota Small Business Investment Company Credit	(1B)	11		
12. Nonprofit Development Corporation Credit	(1F)	12		
13. Seed Capital Investment Credit	(1M)	13		
14. NET TAX LIABILITY (Line 9 less Lines 10, 11, 12, and 13 - If zero or less, enter 0)	(E)	14		
15. North Dakota income tax withheld (Attach supporting W-2s and 1099s)	(F)	15		
16. 1997 estimated tax payments and amount applied from 1996 return	(&)	16		
17. Total payments (Line 15 plus Line 16)		17		
If Line 17 Is Greater Than Line 14, Complete Lines 18 Through 22. If Line 17 Is Less Than Line 14, Complete Lines 23 Through 26.				
18. OVERPAYMENT (Line 17 less Line 14) If less than \$5, enter zero	(G)	18		
19. Amount of Line 18 you wish to apply to 1998 estimated tax	(1Q)	19		
20. Amount of Line 18 you wish to contribute to Nongame Wildlife Fund	(1P)	20		
21. Amount of Line 18 you wish to contribute to Centennial Tree Trust Fund	(1D)	21		
22. REFUND (Line 18 less Lines 19, 20, and 21) If less than \$5, enter zero	(1R)	22		
23. TAX DUE (Line 14 less Line 17) If less than \$5, enter zero	(Z)	23		
24. Voluntary contribution to Nongame Wildlife Fund (Only if tax due on Line 23)	(1U)	24		
25. Voluntary contribution to Centennial Tree Trust Fund (Only if tax due on Line 23)	(1E)	25		
26. BALANCE DUE (Line 23 plus Lines 24, 25 and, if applicable, 27) Pay to STATE TAX COMMISSIONER		26		
27. Total interest from Form 400-UT (See instructions)	(1C)	27		

I declare under the penalties of North Dakota Century Code § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. **For Privacy Act Information, see inside front cover of instruction booklet.**

Your Signature _____ Date _____

Signature of Preparer other than Taxpayer _____ Date _____

Spouse's Signature (if joint return) _____ Date _____

MAIL TO STATE TAX COMMISSIONER, STATE CAPITOL,
600 E. BOULEVARD AVE., BISMARCK, ND 58505-0550

If amount on line 1 is:		Tax Rate Table	
Over	But not over	Your tax is:	
\$ 0	\$ 3,000		2.67% of the amount on line 1
3,000	5,000	\$ 80.10 plus 4.00%	of the amount over \$ 3,000
5,000	8,000	160.10 plus 5.33%	of the amount over 5,000
8,000	15,000	320.00 plus 6.67%	of the amount over 8,000
15,000	25,000	786.90 plus 8.00%	of the amount over 15,000
25,000	35,000	1,586.90 plus 9.33%	of the amount over 25,000
35,000	50,000	2,519.90 plus 10.67%	of the amount over 35,000
50,000		4,120.40 plus 12.00%	of the amount over 50,000

<input type="checkbox"/> OPR	PLEASE DO NOT WRITE IN THIS SPACE
<i>"Buy North Dakota Products"</i>	

Line A. Enter your federal adjusted gross income (from Line 32, Form 1040 or Line 16, Form 1040A or Line 4, Form 1040EZ , or line H, TeleFile Worksheet.) (H)		A		
1. Enter your federal taxable income (from Line 38, Form 1040 , or Line 22, Form 1040A , or Line 6, Form 1040EZ , or line J, TeleFile Worksheet.) (I)		1		
Add North Dakota Adjustments				
2. Interest income on State and local government obligations other than N. Dak.(J)		2		
3. State and local income taxes deducted on Schedule A (Form 1040) (L)		3		
4. Other (Identify) _____		4		
5. Total additions (Add Lines 2 through 4) (M)		5		
6. Balance (Add Lines 1 and 5)		6		
Subtract North Dakota Adjustments				
7. Interest on U.S. obligations (N)		7		
8. Military pay exclusion (Limited to \$1000) (O)		8		
9. Additional military pay exclusion (Monthly limitations) (2F)		9		
10. Military retirement pay exclusion (#)		10		
11. Income from Federal Pensions or North Dakota city firemen, policemen, and highway patrolmen pensions (Q)		11		
12. Interest income from sale of land to a qualifying beginning farmer (2H)		12		
13. Rental income from leasing of land to a qualifying beginning farmer (2I)		13		
14. Gain from sale of land to a qualifying beginning farmer (2J)		14		
15. Interest income from North Dakota financial institutions (2K)		15		
16. Interest income from sale to a qualifying beginning businessman (2L)		16		
17. Rental income received from a qualifying beginning businessman (2M)		17		
18. Gain from sale to a qualifying beginning businessman (2N)		18		
19. North Dakota domestic dividend exclusion (P)		19		
20. Investment in Venture Capital Corporation (2A)		20		
21. Medical expenses not allowed on Schedule A (Form 1040) (R)		21		
22. If your FILING STATUS (at top of Page 1) is 2, 4, or 5, enter \$300		22		
23. Other (Identify) _____ (T)		23		
24. Total deductions (Add Lines 7 through 23) (U)		24		
25. Balance (Subtract Line 24 from Line 6)		25		
26. Federal income tax—see instructions for amount to enter on this line (V)		26		
27. Adjusted gross income from Line A (at top of page) (W)	27			
28. If an entry was made on Lines 7 through 19, or Line 23, see the instructions for the amount to enter on this line. Otherwise, enter amount from Line 26 on Line 31, and go to Line 32 (X)	28			
29. Line 27 less Line 28	29			
30. Deductible percentage: Divide Line 29 by Line 27 (Round to nearest whole percentage) %		30		
31. Federal income tax deduction (Line 26 multiplied by percentage on Line 30) (Y)		31		
32. North Dakota taxable income (Subtract Line 31 from Line 25. Enter here and on Line 1, page 1)		32		

		Column A TOTAL		Column B NORTH DAKOTA	
1. Adjusted gross income • For Column A - Enter the amount from line 26, Column A, Schedule NR • For Column B - Enter the amount from line 26, Column B, Schedule NR (H)				1	(I)
(Schedule NR On Page 11 Must Be Attached)					
2. Interest income from sale of land to a qualifying beginning farmer (3H)				2	
3. Rental income from leasing of land to a qualifying beginning farmer (3I)				3	
4. Gain from sale of land to a qualifying beginning farmer (3J)				4	
5. Interest income from sale to a qualifying beginning businessman (3N)				5	
6. Rental income received from a qualifying beginning businessman (3L)				6	
7. Gain from sale to a qualifying beginning businessman (3M)				7	
8. Other (Identify) _____ (Please read instructions) (3T)				8	
9. Total (Add Lines 2, 3, 4, 5, 6, 7, and 8) (3U)				9	
10. Balance (Subtract Line 9 from Line 1, Column B)				10	
11. Federal income tax—see instructions for amount to enter on this line (N)				11	
12. Deductible percentage: Divide Line 10 by Line 1, Column A (Round to nearest whole percentage) (Cannot exceed 100%)			%	12	
13. Federal income tax deduction (Line 11 multiplied by percentage on Line 12) (3Y)				13	
14. Balance (Subtract Line 13 from Line 10)				14	
15. Add North Dakota adjustments (Please read instructions) (3E)				15	
16. Balance (Add Lines 14 and 15)				16	
• If you itemized deductions on your federal income tax return, or if you are required to itemize deductions for federal income tax purposes (whether or not you have any qualifying deductions), complete Lines 17 through 21, skip Line 22, and enter the amount from Line 21 on Line 23. • If you took the standard deduction on your federal income tax return, skip Lines 17 through 21 and see the instructions for Line 22.					
17. Amount from Line 28, Schedule A (Form 1040) (J)				17	
18. Medical expenses not allowed on Schedule A (Form 1040) (See instructions) (K)				18	
19. Balance (Add Lines 17 and 18)				19	
20. State and local income taxes deducted on Schedule A (Form 1040) (See instructions) ... (L)				20	
21. Net itemized deductions (Line 19 less Line 20)				21	
22. Federal standard deduction (See instructions) (3D)	22				
23. If you were required to complete Lines 17 through 21, enter the amount from Line 21. Or, if you were required to complete Line 22, enter the amount from Line 22 (M)				23	
24. Federal exemption amount (See instructions) (3C)				24	
25. If your Filing Status (at top of Page 1) is 2, 4, or 5, enter \$300				25	
26. Total (Add Lines 23, 24, and 25) (O)				26	
27. Deductible percentage: Divide Line 1, Column B, by Line 1, Column A (Round to nearest whole percentage) (cannot exceed 100%)			%	27	
28. Line 26 multiplied by percentage on Line 27 (3B)				28	
29. North Dakota taxable income (Subtract Line 28 from Line 16. Enter here and on Line 1, page 1) (P)				29	

Instructions For Schedule 3

(Attach Schedule 3 to Form 37)

This schedule is to be used only by a nonresident filer who chooses to use Form 37 (Long Form). However, before you attempt to complete this schedule, please read the "Instructions For Form 37 (Long Form)" at the top of page 6 of the instruction booklet.

Lines 2 through 4. The law provides for tax incentives for a landowner to sell or lease land in North Dakota to a qualifying beginning farmer. The landowner may qualify for certain deductions which may be claimed on lines 2, 3, and 4. See instructions for lines 12, 13, and 14 of Schedule 2, Form 37, for further information.

Lines 5 through 7. The law provides for tax incentives for the owner of a business to sell or lease a revenue-producing enterprise in North Dakota to a qualifying beginning businessman. The owner may qualify for certain deductions which may be claimed on lines 5, 6, and 7. See instructions for lines 16, 17, and 18 of Schedule 2, Form 37, for further information.

Line 8. If you were a resident of North Dakota for part of the year, you may deduct for North Dakota purposes those adjustments that pertain to North Dakota income for the portion of the year you were a resident. See instructions for lines 7, 8, 9, 10, 11, 15, 19, 20, and 23 of Schedule 2, Form 37, for further information. Attach a detailed schedule showing the computation of each adjustment.

Also enter the amount of income from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**

Line 11. Enter on this line the federal income tax as follows:

- If you used **Form 1040EZ**, enter line 10 **less** line 8a; or
- If you used **Form 1040A**, enter line 25 **less** line 29c; or
- If you used **Form 1040**, enter line 46 **plus** line 50 **plus** any Section 72(m)(5) excess benefits tax and recapture taxes included on line 53 **less** line 56a; or
- If you used **Telefile Worksheet**, enter amount from line J (the "Tax" box) **less** line K.

Line 15. If you were a resident of North Dakota for part of the year, you must add back for North Dakota purposes those adjustments that pertain to North Dakota income for the portion of the year you were a resident. See instructions for lines 2 and 4 of Schedule 2, Form 37, for further information. Attach a detailed schedule showing the computation of each adjustment.

Also enter the amount of loss from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment for Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**

Line 18. If you itemized your deductions on your federal income tax return, you are allowed to deduct for North Dakota tax purposes those medical expenses that were not allowed on Schedule A (Form 1040) because of the 7.5% limitation.

Line 20. State and local income taxes deducted on Schedule A (Form 1040) are not deductible for North Dakota income tax purposes and must be entered on this line. If you itemized deductions for federal income tax purposes on Schedule A, Form 1040, and if a portion of your itemized deductions was disallowed because your federal adjusted gross income exceeded \$121,200 (\$60,600 if married filing separately), complete the following schedule:

1. Amount of state and local taxes from line 5, Schedule A (Form 1040) _____
2. Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions _____
3. Divide line 1 by line 2 (round to nearest whole percentage) _____ %
4. Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions _____
5. Multiply line 4 by percentage on line 3 _____
6. Line 1 minus line 5 (enter on line 20, Schedule 3, Form 37) _____

Line 22. Enter your federal standard deduction as follows:

- If you used **Form 1040A**, enter amount from line 19; or
- If you used **Form 1040**, enter amount from line 35; or
- If you used **Telefile Worksheet**, enter amount from line I (the "Standard Deduction" box); or
- If you used **Form 1040EZ**, refer to A or B below depending on how you answered the question on line 5, Form 1040EZ, and follow the corresponding instructions:

A. If you answered "**Yes**" on Line 5, Federal Form 1040EZ, complete the following schedule and enter the amount from line 5 on line 22:

1. Enter the amount from line 1, Form 1040EZ 1. _____
2. Minimum standard deduction 2. 650
3. Enter the LARGER of line 1 or line 2 3. _____
4. Maximum standard deduction. If single enter 4,150; if married, enter 6,900 4. _____
5. Enter the SMALLER of line 3 or line 4. 5. _____

B. If you answered "**No**" on Line 5, Federal Form 1040EZ, enter the appropriate amount from below on line 22:

- If you are single, enter \$4,150, **OR**
- If you are married, enter \$6,900.

Line 24. Enter your federal exemption amount as follows:

- If you used **Form 1040A**, enter amount from line 21; or
- If you used **Form 1040**, enter amount from line 37; or
- If you used **Telefile Worksheet**, enter amount from line I (the "Exemption Amount" box); or
- If you used **Form 1040EZ**, refer to A or B below depending on how you answered the question on line 5, Form 1040EZ, and follow the corresponding instructions:

A. If you answered "**Yes**" on Line 5, Federal Form 1040EZ, enter the appropriate amount from below on line 24:

- If you are single, or if you are married and both spouses can be claimed as dependents, enter \$0, **OR**
- If you are married and only one spouse can be claimed as a dependent, enter \$2,650.

B. If you answered "**No**" on Line 5, Federal Form 1040EZ, enter the appropriate amount from below on line 24:

- If you are single, enter \$2,650, **OR**
- If you are married, enter \$5,300.

Summary of 1997 North Dakota Legislative Changes

Following is a summary of legislation passed by the 1997 North Dakota Legislature affecting individuals. If you have any questions about the legislation, see **Where To Get Forms and Assistance** on the back cover of this booklet.

Family care tax credit created

For taxable years beginning after December 31, 1996, a new income tax credit is allowed to an individual taxpayer who pays qualified expenses for the care of a qualifying family member. The credit is allowed on Form 37-S (Short Form) and Form 37 (Long Form). A new schedule, Schedule FC, must be completed and attached to either Form 37-S or Form 37 to claim the credit.

“Qualified expenses” means expenses for home health agency services, companionship services, personal care attendant services, homemaker services, adult day care, respite care, health care equipment and supplies, and other expenses for goods and services which are:

- Necessary to avoid the placement of a qualifying family member in a long-term care facility,
- Provided to or for the benefit of, or needed by the taxpayer to care for, a qualifying family member,
- Provided by an organization or individual not related to either the taxpayer or the qualifying family member, and
- Not compensated for by insurance or a federal or state assistance program.

“Companionship services” means services that provide fellowship, care and protection for a person who is unable to care for his or her own needs because of advanced age or a physical or mental disability. This includes household work directly related to the care of the person, such as meal preparation, bed making, and washing clothes. These services may also include household work not directly related to the care of the person if, during any week, this work does not require more than 20% of the total hours worked during that week. Companionship services do not include services performed by trained personnel, such as a registered or practical nurse, or services to care for children who are not physically or mentally disabled.

“Qualifying family member” means a person who is related by blood or marriage to the taxpayer, has a federal taxable income of \$15,000 or less (\$30,000 or less, if married filing jointly), and is either 65 years old or disabled as determined by the Social Security Administration.

In general, the credit is equal to 30% of the qualified expenses paid during the taxable year; however, the 30% rate must be reduced, but not below 20%, by 1% for each \$2,000 or fraction thereof by which the taxpayer’s federal taxable income exceeds \$25,000. The credit may not exceed \$2,000 per qualifying family member. The credit otherwise computed (up to the \$2,000 maximum) must be reduced by the amount that the taxpayer’s federal taxable income exceeds \$50,000. If more than one taxpayer paid qualified expenses for the same qualifying family member, and if the total of the credits separately computed by the taxpayers exceeds \$2,000, the separately computed credits must be disregarded, and the maximum credit of \$2,000 must be prorated among the taxpayers based on their respective payments of qualified expenses. (1997 S.L. ch. 492)

Estimated tax provisions changed

For taxable years beginning after December 31, 1996, statutory authority is provided for the application of an overpayment of income tax from one tax year to the succeeding tax year’s estimated income tax. This statutory authority replaces the administrative policy under which individuals had been allowed to do this prior to 1997. In addition, an individual may elect to apply the overpayment to a specific estimated income tax installment other than the first quarter’s installment. See the instructions to line 19 of either Form 37-S or Form 37 (Tax Computation Schedule) for information on how to make this election. (1997 S.L. ch. 493)

Refund offset program expanded

Effective August 1, 1997, the definition of “claimant agency” for purposes of the state income tax refund offset program is broadened to include Job Service North Dakota and the Workers Compensation Bureau. This means that these agencies may now intercept an individual’s income tax refund to offset a liability determined to be owed to these agencies by the individual. (1997 S.L. ch. 494)

Long-term care insurance tax credit expanded

For taxable years beginning after December 31, 1996, the provisions allowing an individual to claim a credit on Form 37 (Long Form) for payment of long-term care insurance premiums are broadened as follows:

- The \$100 maximum credit allowed is to apply to *each insured individual* rather than to each policy owned, and
- A policy may cover a child of the taxpayer. (1997 S.L. ch. 260)

Withholding from unemployment allowed

Effective January 1, 1997, North Dakota unemployment compensation law provides for the optional withholding of federal and North Dakota income tax from payments of unemployment compensation. Job Service North Dakota is required to inform individuals who file new claims for unemployment compensation benefits that:

1. Unemployment compensation is subject to federal and state income taxes,
2. Federal and North Dakota estimated income tax provisions may apply,
3. They may elect to have federal income tax withheld from the unemployment compensation benefits paid to them, and
4. They may elect to have North Dakota income tax withheld from their unemployment compensation benefits, but only if they first elect to have federal income tax withholding. (1997 S.L. ch. 423)

Interest provisions changed

For taxable years beginning after December 31, 1996, if the tax commissioner determines that an individual owes additional income tax for a taxable year, and if the individual had applied an overpayment of income tax for that same taxable year to the succeeding taxable year’s estimated income tax, interest on the additional tax owed does not begin to accrue until after the due date of the estimated income tax installment to which the overpayment was applied. This limitation on the accrual of interest applies only to the portion of the additional tax owed that is equal to or less than the amount of the overpayment applied. (1997 S.L. ch. 493)

New adjustment for certain S corporation shareholders required

For taxable years beginning after December 31, 1996, a new adjustment must be made on Form 37-S (Short Form) and Form 37 (Long Form) by an individual who is a shareholder of a Subchapter S corporation that is required to file and pay the North Dakota financial institution tax under North Dakota Century Code ch. 57-35.3. In general, the purpose of the adjustment is to remove the shareholder’s pro rata share of the corporation’s income or loss for North Dakota financial institution tax purposes from the computation of the shareholder’s North Dakota individual income tax liability (1997 S.L. ch. 490)

State of North Dakota

1997 Individual Income Tax Instructions

General Information

Who Must File A Return

Full-Year Resident

If you were a North Dakota resident for the entire tax year and you are required to file a Federal individual income tax return, you must file a North Dakota individual income tax return. This applies even though you worked outside North Dakota (including employment overseas) during the tax year.

Resident military personnel - If you are a North Dakota resident serving in the U.S. Armed Forces, this resident filing requirement applies even though you were stationed outside North Dakota (including overseas duty) during the tax year.

Full-Year Nonresident

If you were a nonresident of North Dakota for the entire tax year, you must file a North Dakota individual income tax return if (1) you derived any gross income from North Dakota sources during the tax year and (2) you are required to file a Federal individual income tax return.

Gross income from North Dakota sources. For a full-year nonresident, "gross income from North Dakota sources" includes (1) compensation for services performed in this State, e.g., wages, tips, commissions, and fees, (2) income from tangible property located in this State, e.g., rents, royalties, and gain from sale or exchange of such property, (3) income from a trade or business carried on in this State, including interest, dividends, and gain from sale or exchange of intangible property received by the trade or business that are allocable and apportionable to this State, and (4) income from gambling activity carried on in this State.

Except for interest, dividends, and gain from sale or exchange of intangible property allocable and apportionable to this State by a trade or business, "gross income from North Dakota sources" for a full-year nonresident does not include military pay, interest, dividends, pensions, annuities, gain from sale or exchange of intangible property, or compensation for services performed in this State by an individual who performs regularly assigned duties in more than one state for a railroad or other interstate motor carrier (as defined by Federal law in 49 U.S.C. 11504).

Nonresident military personnel - If you are a nonresident of North Dakota serving in the U.S. Armed Forces and you are stationed in North Dakota, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was compensation for military service.

Minnesota or Montana resident - If you are a Minnesota resident, you do not have to file a North Dakota individual income tax return if (1) your only gross income from North Dakota sources was compensation for personal or professional services and (2) you retained a home in Minnesota and customarily returned to that home at least once a month. If you are a Montana resident, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was wages. (See also **RECIPROCITY** on page 3 of these instructions.)

Nonresident alien - If you are a nonresident alien of the United States who derived any gross income from North Dakota sources, you must file a North Dakota individual income tax return. Except where an income tax treaty between the United States and a foreign country specifically exempts income from state taxation, income tax treaties between the U.S. and foreign countries do not apply for North Dakota income tax purposes, and income otherwise exempted from U.S. income tax under those treaties may be taxable under North Dakota income tax law. Therefore, you may have to pay North Dakota

income tax on income derived from North Dakota sources even though the income is exempt from U.S. income tax because of a treaty.

The instructions in this booklet and the instructions on the North Dakota returns do not cover nonresident alien situations; however, a guideline is available that explains how to complete the North Dakota return. To obtain the guideline, see the back cover of this booklet.

Individual Who Changed Residence During Tax Year

If you changed your residence to or from North Dakota during the tax year, you must file a North Dakota individual income tax return if (1) you are required to file a Federal individual income tax return **AND** (2) you derived gross income from any source (inside or outside North Dakota) during the part of the tax year you were a resident of North Dakota **OR** you derived gross income from North Dakota sources during the part of the tax year you were a nonresident of North Dakota.

Gross income from North Dakota sources. For an individual who changed residence to or from North Dakota during the tax year, "gross income from North Dakota sources" is defined the same as for a full-year nonresident, with the following modifications:

- Include compensation for services (including military service) received during the part of the tax year that you were a resident of North Dakota. This applies even though the services were performed outside North Dakota or the services were performed while a nonresident of North Dakota.
- Include compensation for services (including military service) performed during the part of the tax year that you were a resident of North Dakota. This applies even though the compensation is received during the part of the tax year that you were a nonresident of North Dakota or the services were performed outside North Dakota.
- Include interest, dividends, pensions, annuities, gain from the sale of intangible property, and any other type of income received during the part of the tax year that you were a resident of North Dakota. This applies even though the source of the income is outside North Dakota.

Filing procedures for individuals who changed residence to North Dakota.

If you changed your residence from another state to North Dakota and you are required to file a North Dakota individual income tax return, you may prepare the North Dakota return in one of the following ways:

- **Resident Method.** Check the "Resident" block at the top of the return. Complete the return according to the instructions for resident filers. Do not exclude any non-North Dakota income. After computing a tax on your entire income for the year, complete Schedule 4 to compute a credit for income tax paid to any other state or states. The credit is subtracted from the tax to determine your net tax liability for North Dakota purposes.
- **Nonresident Method.** Check the "Nonresident" block at the top of the return. Complete Schedule NR (on page 11 of this booklet). Complete the return according to the instructions for nonresident filers.

Filing procedures for individuals who changed residence from North Dakota. If you changed your residence from North Dakota to another state and you are required to file a North Dakota individual income tax return, you must (1) check the "Nonresident" block at the top of the return, (2) complete Schedule NR (on page 11 of this booklet), and (3) complete the return according to the instructions for nonresident filers.

American Indian

If you are an American Indian, you are not subject to North Dakota income tax if you (1) are an enrolled member of a tribe, (2) live on the Indian reservation where enrolled, and (3) derive all of your income from sources on the Indian reservation where enrolled.

If you are not enrolled with any tribe or do not live on the Indian reservation where enrolled, you are subject to North Dakota's income tax laws. Even though you do live on the Indian reservation where enrolled, you are subject to North Dakota income tax on income from non-reservation sources in North Dakota.

Estimated Income Tax

You must pay estimated 1998 North Dakota income tax on the proper form (400-ES) if **ALL** four of the following conditions apply:

1. You are required to pay estimated 1998 Federal income tax;
2. Your net tax liability for 1997 was \$200 or greater (If no return was required for 1997, your net tax liability is zero for this purpose, and no estimates are required);
3. You expect to owe, after subtracting your North Dakota income tax withholding, at least \$200 in tax for 1998; **AND**
4. You expect your North Dakota income tax withholding for 1998 to be less than the smaller of: (a) 90% of the net tax liability on your 1998 North Dakota return or (b) 100% of the net tax liability on your 1997 North Dakota return. **Exception to condition 4(b):** If you moved into North Dakota during the 1997 tax year, part (b) of condition 4 does not apply.

The due dates for making payments of estimated North Dakota income tax are the same as those for making payments of estimated Federal income tax.

If you paid estimated North Dakota income tax for 1997, a 1998 North Dakota Form 400-ES will be mailed to you. If you did not pay estimated income tax for 1997 but you are required to do so for 1998, you must obtain the 1998 North Dakota Form 400-ES. (See the back cover of this booklet.)

Amended Returns

An amended return is filed to correct a previously filed return. You have three years from the due date of your original return or the date you actually filed your original return, whichever date is later, in which to file an amended return to apply for a refund of an overpayment. Contact the Office of State Tax Commissioner for other time periods that may apply in case of a net operating loss carryback, a nonresident whose principal place of managing a business is outside North Dakota, a 25% overstatement of taxable income or tax liability, or an IRS audit.

If you file an amended Federal return, or if the Internal Revenue Service makes any changes to your Federal return, you must file an amended North Dakota return within ninety days after filing the amended Federal return or receiving notification of changes made by the IRS. If you do not report such changes within ninety days, the time period for making an assessment will not expire.

How to prepare an amended return: If you need to file an amended return, do the following: (1) Obtain either Form 37-S or Form 37 for the appropriate tax year from the Office of State Tax Commissioner; (2) Check the "Amended return" block at the top of the return; (3) Enter your name, social security number, etc., and be sure to use your current mailing address; (4) Using the correct information, complete the return through the net tax liability line; (5) Enter the net tax liability from your original return or, if your original net tax liability was previously

adjusted by you or this office, the revised net tax liability in the block normally reserved for the entry for estimated payments; (6) Complete the remaining lines on the return according to the instructions; however, you cannot increase or decrease the amounts for the contributions or the amount applied to next year's estimated tax; and (7) Attach a copy of your amended Federal return, Federal audit report, or other information explaining the reason for amending your State return.

Reciprocity

North Dakota has income tax reciprocity agreements with the States of Minnesota and Montana.

North Dakota resident - If you are a North Dakota resident who (1) earned compensation for personal or professional services performed in Minnesota and returned to your home in North Dakota at least once per month or (2) earned wages for working in Montana, this income is exempt from that State's tax because of the reciprocity agreement. If your employer withheld Minnesota or Montana tax from your wages that qualify for exemption under reciprocity, you may get a refund by filing a return with that State. For assistance and forms, write to the Minnesota Dept. of Revenue, Taxpayer Information Division, St. Paul, MN 55146-4450, or to the Montana Dept. of Revenue, Income Tax Division, Mitchell Bldg., Helena, MT 59604. **If your wages qualify for reciprocity treatment and you do not want your employer to withhold Minnesota or Montana tax from them, you must give your employer a properly completed Minnesota Form MW-R or Montana Form NR-2.**

Minnesota or Montana resident - If you are (1) a Minnesota resident who earned compensation for personal or professional services performed in North Dakota and returned to your home in Minnesota at least once per month or (2) a Montana resident who earned wages for working in North Dakota, this income is exempt from North Dakota tax because of the reciprocity agreement. If your employer withheld North Dakota tax from your wages that qualify for exemption under reciprocity, you may get a refund by filing either Form 37-S or Form 37 and Schedule NR. **If your wages qualify for reciprocity treatment and you do not want your employer to withhold North Dakota tax from them, you must give your employer a properly completed Form NDW-R.**

Extension Of Time For Filing Return

If you are required to file a North Dakota individual income tax return and you do not file that return on or before the due date, you will be regarded as a delinquent filer unless you have obtained a Federal or State extension of time to file. If you obtain a Federal extension of time within which to file your Federal income tax return, your Federal extension will be accepted for North Dakota purposes.

If you did not obtain a Federal extension, you may obtain a State extension by completing Form F-101 and filing it with the Office of State Tax Commissioner prior to the due date of your return. Do not request a State extension unless you can show good cause for needing one. Inability to pay your tax due will not be accepted as good cause, and a State extension will not be granted if that is the only reason for requesting it.

If either a Federal or State extension is applied for and approved, check the "Extension form attached" block at the top of the return, and attach a copy of either the Federal or State extension form to the return. Extension interest at the rate of 12% per annum is charged from the original due date of your return to the date the tax is paid or the extended due date, whichever is earlier.

Which Form To Use

North Dakota tax law provides individuals with two methods of computing their individual income tax. Whether a resident or nonresident of North Dakota, you may use either Form 37-S (Short Form) or Form 37 (Long Form). This booklet contains both forms. To determine which form is best for you, calculate the tax on both forms and compare the respective net tax liabilities computed. File the form showing the smaller net tax liability. Over 90% of individual filers use Form 37-S because it generates the lowest tax for them.

When And Where To File Return

A return for calendar year 1997 must be filed on or before April 15, 1998. Taxpayers using a fiscal tax year must file on or before the 15th day of the fourth month following the close of the fiscal year. Mail your return in the preprinted envelope provided in this booklet. If you don't have a preprinted envelope, mail your return to:

Office of State Tax Commissioner
State Capitol
600 E. Boulevard Ave.
Bismarck, North Dakota 58505-0550.

Before filing, have you . . .

- Attached all required statements, forms and schedules specified in the instructions;
- Signed and dated your return;
- Attached a copy of all Form W-2s. Also attach a copy of any Form 1099 showing North Dakota income tax withholding;
- Attached a complete copy of your federal income tax return. If you used the IRS's TeleFile system to file your federal return, attach a copy of the Federal TeleFile Worksheet; and
- Enclosed your check or money order payable to: State Tax Commissioner.

Do you need forms or assistance?
If so, telephone numbers and addresses are provided on the back cover of this booklet for your convenience.

Information Required On Either Form 37-S (Short Form) or Form 37 (Long Form)

If you are filing a fiscal year return, enter the fiscal period at the top of the return; otherwise, do not enter any dates. Please remove the preprinted label from the cover of this booklet and place it in the address box area on the return. If you do not have the preprinted label, print your full name, social security number and mailing address in the spaces provided on the return. If this is a joint return, also print the full name and social security number of your spouse.

Filing Status

Your filing status (i.e., Single, Married filing joint return, etc.) for North Dakota income tax purposes must be the same as the filing status you used on your federal income tax return.

Exception for certain married persons filing a joint federal return.

Even though a joint federal return was filed, if one spouse is a resident of North Dakota and the other spouse is a nonresident of North Dakota, each spouse must file a separate North Dakota return and check the "Married filing separately" filing status. **If this exception applies, Schedule SF must be completed before attempting to complete either Form 37-S or Form 37. To obtain Schedule SF, see "Where To Get Forms And Assistance" on the back cover of this booklet.**

Filing Category

If you were a resident of North Dakota for the entire tax year, check the "Resident" block. If you were not a resident of North Dakota for any part of the tax year, check the "Nonresident" block. If you moved into North Dakota during the tax year (where the move constituted a change in your legal residence), see **"Filing procedures for individuals who changed residence to North Dakota"** under **"Individual Who Changed Residence During Tax Year"** on page 2 of these instructions for information on which filing category to use. If you moved out of North Dakota during the tax year (where the move constituted a change in legal residence), check the "Nonresident" block.

Amended/Extension Checkoffs

Do not check either of these blocks unless it applies to you. See **"Amended Returns"** and **"Extension Of Time For Filing Return"** on page 3 of these instructions for more information.

School District Code

North Dakota law requires each person who files a North Dakota individual income tax return to identify the school district in which the person resided during the tax year. Using the list on page 12 of these instructions, enter your school district code number on the return.

Income Source Code

Using the following list, select the general work area that most appropriately describes the type of activity from which you derive the **majority** of your income. Enter the corresponding income source code for that general work area in the box provided on the return.

If general work area is:	Your income source code is:
Farming, ranching, or agricultural production	1
Retail, wholesale trade, and eating and drinking places	2
Federal, state, county, city or other government civil service	3
Public or private education	4
Services, such as accounting, legal, health, entertainment and motel	5
Construction	6
Manufacturing	7
Transportation, communication, and public utilities	8
Exploration, development, and extraction of coal, oil, and natural gas	9
Finance, banking, insurance, and real estate	10
Military service	11
Retirement benefits, such as pensions and social security	12

Instructions For Form 37-S (Short Form)

Before you attempt to complete Form 37-S, see "**Which Form To Use**" and "**Information Required On Either Form 37-S (Short Form) Or Form 37 (Long Form)**" on page 4 of these instructions.

Line 1. Enter your federal income tax liability from your federal income tax return as follows:

- If you used **Federal Form 1040EZ**, enter amount from line 10; or
- If you used **Federal Form 1040A**, enter amount from line 23; or
- If you used **Federal TeleFile Worksheet**, enter amount from line J (the "Tax" box); or
- If you used **Federal Form 1040**, enter the amount determined using the following table:

- | | | |
|----|---|-------|
| A. | Enter amount from line 39, Form 1040 | _____ |
| B. | Enter amount from line 50, Form 1040 | _____ |
| C. | If you were required to compute the federal section 72(m)(5) excess benefits tax (see instructions to line 53, Form 1040), enter that tax here; otherwise enter -0- | _____ |
| D. | Enter amount from line 48, Form 1040. If none, skip Line E and enter -0- on Line F | _____ |
| E. | Enter amount of investment credit, if any, included on line 44, Form 1040 | _____ |
| F. | Subtract Line E from Line D . If Line E is greater than Line D, enter -0- | _____ |
| G. | Add Lines A, B, C and F | _____ |
| H. | Enter amount of credit for prior year minimum tax included on line 44, Form 1040 | _____ |
| I. | Subtract Line H from Line G . If Line H is greater than Line G, enter -0-. Enter this amount on line 1, Form 37-S | ===== |

Line 3. Residents Only — Enter interest income from U.S. obligations and other federal securities exempt from state income tax under federal law. Also enter dividend income from a regulated investment company (mutual fund) to the extent attributable to the mutual fund's investment in the same kinds of securities. Unless you have identified the specific securities, or identified the mutual fund and the percentage of income it derived from qualifying securities, on the appropriate schedule of your federal income tax return (and attach the schedule to your North Dakota return), you must attach a schedule showing this information. In the case of a mutual fund, you can satisfy this identification requirement by attaching a copy of the year-end statement you receive from the mutual fund or your broker, provided it shows the required information.

Line 4. Nonresidents Only — If you checked the "Nonresident" block at the top of Form 37-S, you must complete **Schedule NR** on page 11 of these instructions to determine the amount to enter on this line. **It is important that you read the instructions to line 26, Schedule NR before you make any entry on this line. Schedule NR must be attached to Form 37-S.**

Line 5. Enter the following items **only**:

- Income earned by an American Indian while living and working on the Indian reservation where enrolled. (See page 3)
- Payments received from the U.S. Railroad Retirement Board which are included in federal adjusted gross income. **Attach a copy of Federal Form RRB-1099, RRB-1099-R, or both.**

- Amount of income or loss from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**

Line 11. Residents Only—If you pay income tax to another state (including the District of Columbia) or a territory of the United States, you may claim a credit for the tax paid. See Schedule 4 (included in this booklet) for details.

Line 12. If you paid qualified care expenses for a qualifying family member to prevent the placement of the family member in a long-term care facility, you may qualify for a credit. See Schedule FC for details.

Line 19. If the amount on line 18 is \$5.00 or more, enter the amount, if any, of your overpayment that you want applied to your 1998 estimated tax. You may elect to have this amount applied to an estimated tax installment other than the first installment by attaching a statement on which you (1) state that you are making this election and (2) specify the particular installment to which you want the amount applied. Once you apply an overpayment to your 1998 estimated tax, it can only be claimed as a credit on your 1998 return.

Lines 20 and 21. If the amount on line 18 is \$5.00 or more, you may make a voluntary contribution of part or all of your overpayment to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. A contribution must be at least \$1.00 and will reduce the amount of the overpayment refunded to you.

Lines 24 and 25. If the amount on line 23 is \$5.00 or more, you may make a voluntary contribution to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. A contribution must be at least \$1.00 and will increase your balance due on line 26.

Line 26. The balance due (including any amount from Line 27) must be paid in full when the return is filed. Payment should be made by check or money order payable to the "**State Tax Commissioner.**" Do not send cash or stamps. If the amount on line 23 is \$5.00 or more and if you chose to make a contribution to the Nongame Wildlife Fund (on line 24) and/or the Centennial Tree Trust Fund (on line 25), you must pay the balance due in full to get credit for your contribution(s).

Penalty and interest provisions — If a return is timely filed but the tax due (on line 23) is not paid in full with the return, or if a return is not filed by the due date **and** there is a tax due, a penalty of 5% of the tax due or \$5.00, whichever is greater, must be paid. Also, an interest charge of 1% per month or a fraction of a month (excepting the month in which the return was due) of the tax due must be paid.

Line 27. Interest is charged for underpayment of estimated North Dakota income tax. To determine if you owe interest for 1997, obtain and complete Form 400-UT. Enter on this line the amount, if any, from line 17, Form 400-UT. Any amount on this line will reduce your overpayment on line 18 or will increase your balance due on line 26. If there is no overpayment or balance due on your individual income tax return and if the amount due on your Form 400-UT is at least \$5.00, enclose a check or money order for the amount due on Form 400-UT with your return.

Instructions For Form 37 (Long Form)

Before you attempt to complete Form 37, see "**Which Form To Use**" and "**Information Required On Either Form 37-S (Short Form) Or Form 37 (Long Form)**" on page 4 of these instructions.

Complete Form 37 (Long Form) as follows:

First, complete the top of page 1, Form 37 as instructed on page 4 of this booklet.

Second, complete either Schedule 2 or Schedule 3 as follows:

- **Resident** - If you checked the "Resident" block under **Filing Category** at the top of page 1 of Form 37, you must complete Schedule 2 on page 2 of Form 37. The instructions for Schedule 2 are found below.

- **Nonresident** - If you checked the "Nonresident" block under **Filing Category** at the top of page 1 of Form 37, you must complete Schedule NR on page 11 of this booklet before completing Schedule 3 (which is a separate schedule included in this booklet). The instructions to Schedule NR are found on page 10 of this booklet, and the instructions to Schedule 3 are found on the reverse side of the schedule.

Third, complete the Tax Computation Schedule on page 1 of Form 37. The instructions to this schedule are found on page 8 of this booklet.

Instructions For Schedule 2 — Resident Filers

Line 2. Except for interest from obligations of the State of North Dakota or its political subdivisions, enter interest income on state and local government obligations which is exempt from Federal income tax.

Line 3. State and local income taxes deducted on Schedule A (Form 1040) are not deductible for North Dakota income tax purposes and must be entered on this line. If you itemized deductions for federal income tax purposes on Schedule A, Form 1040, and if a portion of your itemized deductions was disallowed because your federal adjusted gross income exceeded \$121,200 (\$60,600 if married filing separately), complete the following schedule:

1. Amounts of state and local taxes from line 5, Schedule A (Form 1040) _____
2. Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions _____
3. Divide line 1 by line 2 (round to nearest whole percentage) _____ %
4. Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions _____
5. Multiply line 4 by the percentage on line 3 _____
6. Line 1 minus line 5 (enter on line 3, Schedule 2, Form 37) _____

Line 4. Lump Sum Distributions - If you received a lump sum distribution from a qualified retirement plan and elected to report the income on Federal Form 4972, you must enter on this line all income reported on Federal Form 4972.

Enter the amount of loss from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**

Line 7. Enter interest income from U.S. obligations and other federal securities exempt from state income tax under federal law. (See page 9)

Also enter dividend income from a regulated investment company (mutual fund) to the extent attributable to the mutual fund's investment in the same kinds of securities. Unless you have identified the specific securities, or identified the mutual fund and the percentage of income it derived from qualifying securities, on the appropriate schedule of your federal income tax return (and attach the schedule to your North Dakota return), you must attach a schedule showing this information. In the case of a mutual fund, you can satisfy this identification requirement by attaching a copy of the year-end statement you receive from the mutual fund or your broker, provided it shows the required information.

Military Exclusions (Lines 8-10)

The exclusions on lines 8, 9, and 10 below are allowed to the extent the compensation or retirement pay is included in federal taxable income (Line 1, Schedule 2). In addition, the total of lines 8 and 9 may not exceed the total active duty military compensation received.

Line 8. Enter up to \$1,000 of compensation received for active duty service in the U.S. Armed Forces, or up to \$1,000 of compensation received for attending periodic training for drill and instruction as a member of the National Guard or of a reserve unit of the U.S. Armed Forces.

Line 9. If you were stationed outside the United States (including the District of Columbia) for at least 30 days, enter up to \$300 of compensation received for active duty service in the U.S. Armed Forces for each month (or fraction of a month) you were stationed outside the United States during the year. Field grade and general officers—which means those with a rank of major or higher in the U.S. Army, Air Force, or Marines; or lieutenant commander or higher in the U.S. Navy; or surgeon or higher in the U.S. Public Health Service—are not eligible for this exclusion.

Line 10. If you receive military retirement benefits for service in the U.S. Armed Forces (including the Coast Guard), or any of its reserve components, and you are at least 50 years old, enter the lesser of (1) the total amount of taxable military retirement benefits reduced by any social security retirement benefits received or (2) \$5,000 reduced by any social security retirement benefits received.

Line 11. If you receive retirement benefits from the Federal Government, the North Dakota city firemen's relief associations, the North Dakota city policemen's pension funds, or the North Dakota highway patrolmen's retirement system, enter the lesser of (1) the total amount of taxable retirement benefits reduced by any social security retirement benefits received or (2) \$5,000 reduced by any social security retirement benefits received.

Beginning Farmer Deductions (Lines 12-14)
You may qualify for certain deductions if you sell or lease farmland to a qualifying beginning farmer. To determine if you qualify, obtain the Beginning Farmer Income Tax Deductions guideline from the Office of State Tax Commissioner. If you qualify, a Beginning Farmer Statement must also be obtained, completed and attached to your North Dakota return.

Line 12. Enter interest income derived from a qualifying contract for deed for the sale of 80 or more acres of farmland to a qualifying beginning farmer.

Line 13. Enter net rental income derived from a qualifying contract for the lease of 20 or more acres of farmland to a qualifying beginning farmer. This deduction may not exceed \$25,000.

Line 14. Enter the gain from the sale of 20 or more acres of farmland to a qualifying beginning farmer.

Line 15. Enter interest income received from a financial institution located in North Dakota. This deduction is limited to \$300 (\$600 if married filing a joint return).

Beginning Businessman Deductions (Lines 16-18)
You may qualify for certain deductions if you sell or lease a revenue-producing enterprise to a qualifying beginning businessman. To determine if you qualify, obtain the Beginning Businessman Income Tax Deductions guideline from the Office of State Tax Commissioner. If you qualify, a Beginning Businessman Statement must also be obtained, completed and attached to your North Dakota return.

Line 16. Enter interest income derived from a qualifying contract for deed for the sale of a revenue-producing enterprise to a qualifying beginning businessman.

Line 17. Enter net rental income derived from a qualifying contract for the lease of a revenue-producing enterprise to a qualifying beginning businessman. This deduction may not exceed \$25,000.

Line 18. Enter the gain from the sale of a revenue-producing enterprise to a qualifying beginning businessman.

Line 19. Enter dividends, up to a maximum of \$15,000, from a corporation which has paid North Dakota income tax under N.D.C.C. ch. 57-38 or North Dakota financial institution tax under N.D.C.C. ch. 57-35.3. If the corporation does not conduct 100% of its business in North Dakota, the amount otherwise allowed must be multiplied by the percentage of business conducted in North Dakota to determine the amount to enter on this line. The percentage of business conducted in North Dakota is equal to the corporation's apportionment factor reported on the corporation's North Dakota tax return. Contact the corporation to obtain this information.

Line 20. Enter the amount of the investment in a venture capital corporation. This deduction is limited to \$5,000 for any person or

\$10,000 if a joint return is filed. **Attach a copy of the Venture Capital Corporation Investment Reporting Form.**

Line 21. Enter those medical expenses that were not allowed on Schedule A, Form 1040, because of the 7.5% limitation. Do not make an entry on this line if you did not itemize deductions for Federal tax purposes.

Line 23. Enter the following items *only*:

- Income earned by an American Indian while living and working on an Indian reservation where enrolled. See **American Indian** on page 3 of these instructions.
- Payments from the U.S. Railroad Retirement Board which are included in Federal adjusted gross income. **Attach copy of Federal Form RRB-1099, RRB-1099-R, or both.**
- \$1,000 for adopting a child under the age of 21, provided the child qualifies as a dependent on your Federal income tax return and the adoption became final this year.
- Up to \$1,000 of the costs of adopting a child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your Federal income tax return and the adoption became final this year.
- \$750 for each adopted child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your Federal income tax return.
- Gain recognized on the sale of property due to the exercise of eminent domain.
- Net income exempt from income tax under N.D.C.C. ch. 40-57.1.
- Gain exempt from income tax under N.D.C.C. § 57-38-01.18.
- Amount of income from a Subchapter S corporation subject to the North Dakota financial institution tax. For details, obtain the *Income Tax Guideline: Adjustment For Income (Loss) From S Corporation Subject To N.D.C.C. ch. 57-35.3*. **Attach a copy of the statement from the corporation to substantiate the adjustment.**
- State and local income tax refunds reported as income on your 1997 federal income tax return, provided you filed a Form 37 (Long Form) for the year in which you (1) paid and deducted the state and local income taxes on your federal return and (2) added the state and local income taxes back into your income for North Dakota purposes.

DO NOT ENTER ON LINE 23 INCOME DERIVED FROM OUT-OF-STATE SOURCES.

Line 26. Enter the federal income tax as follows:

- If you used **Form 1040EZ**, enter line 10 **less** line 8a; or
- If you used **Form 1040A**, enter line 25 **less** line 29c; or
- If you used **Form 1040**, enter line 46 **plus** line 43 **plus** line 50 **plus** any Section 72(m)(5) excess benefits tax and recapture taxes included on line 53 **less** line 56a; or
- If you used **TeleFile Worksheet**, enter amount from line J (the "Tax" box) **less** line K.

Line 28. Enter the total of lines 7 through 19 **plus** line 23; however, do not include any of the adjustments for adopted children or the deduction for state and local income tax refunds claimed on line 23.

Note: The Tax Computation Instructions For Form 37 Are Found On Page 8 Of This Booklet.

Instructions For Tax Computation Schedule (Front of Form 37)

Line 3. Residents Only—If you pay income tax to another state (including the District of Columbia) or a territory of the United States, you may claim a credit for the tax paid. See Schedule 4 (included in this booklet) for details.

Lines 4 and 5. If you made a charitable contribution to a qualifying nonprofit private institution of secondary or higher education, you may qualify for a credit. See the list of qualifying institutions below. Qualifying contributions may be made up to the due date or extended due date of your North Dakota return. The credit allowed for all contributions made to all qualifying institutions in *each* category of institution is equal to the lesser of (1) 50% of the contributions, (2) 40% of the tax on line 2, or (3) \$250. Enter the credit computed on the appropriate line. **Attach a copy of a receipt or a canceled check (front and back).**

Higher Education

- | | |
|--|---|
| 1. University of Mary,
Bismarck, ND | 3. Trinity Bible College,
Ellendale, ND |
| 2. Jamestown College,
Jamestown, ND | 4. North Dakota Independent
College Fund |

Secondary Education

- | | |
|--|--|
| 1. St. Mary's Central High School,
Bismarck, ND | 7. Dakota Center School,
Minot, ND |
| 2. Dickinson Trinity High School,
Dickinson, ND | 8. Shiloh Christian School,
Bismarck, ND |
| 3. Shanley High School,
Fargo, ND | 9. Dakota Adventist Academy,
Bismarck, ND |
| 4. Oak Grove Lutheran High School,
Fargo, ND | 10. Johnson Corners Christian Academy,
Watford City, ND |
| 5. Our Redeemer's Christian,
Minot, ND | 11. Anne Carlsen School
Jamestown, ND |
| 6. Bishop Ryan High School,
Minot, ND | |

Line 6. If you paid premiums on a long-term care insurance policy covering yourself, or your spouse, child, parent or stepparent, you are eligible for a credit. Enter 25% of the premiums paid during the year for the policy, up to a maximum credit determined by multiplying \$100 by the number of qualifying persons covered by the policy. **Attach a statement showing policy number, name of insurance company, and amount of premiums paid during the year.**

Line 7. You may qualify for a credit if you installed a qualifying geothermal, solar, or wind energy device on property you own in North Dakota. Contact the Office of State Tax Commissioner for additional information on qualifications and the computation of the credit. **Attach a statement containing a description of the device, a detailed list of the costs of acquisition and installation, and the date the device was completely installed.**

If you paid wages to a developmentally disabled or chronically mentally ill employee, enter 5% of the first \$6,000 of wages paid during the first twelve months of employment for each qualified employee. The credit is limited to 50% of the tax on line 2. Only wages actually paid during the year may be considered. **Attach a statement showing name, social security number, and wages for each qualifying employee.**

If you installed equipment on a North Dakota licensed motor vehicle that modifies the vehicle to operate on alternative fuels, enter 10% of the cost of the equipment, up to a maximum credit of (1) \$200 for a vehicle weighing 10,000 pounds or less or (2) \$500 for a vehicle weighing over 10,000 pounds. "Alternative fuels" means natural gas, compressed natural gas, liquefied petroleum gas, liquefied natural gas, hydrogen, electricity, and any other fuel consisting of at least 85% methanol, ethanol, or other alcohol, ether, or combination thereof. **Attach a statement showing date of installation; make, model, year, and gross weight of vehicle; cost of equipment; and type of alternative fuel.**

If you paid qualified care expenses for a qualifying family member to prevent the placement of the family member in a long-term care facility, you may qualify for a credit. See Schedule FC for details.

Line 10. Enter the amount of the credit allowed for investment in a venture capital corporation under N.D.C.C. ch. 10-30.1. See the investment reporting form provided to you by the corporation for how to compute the credit. **Attach a copy of the Venture Capital Corporation Investment Reporting Form.**

Line 11. Enter the amount of the credit allowed for investment in the North Dakota Small Business Investment Company (SBIC) under N.D.C.C. ch. 10-30.2. See the investment reporting form provided to you by the SBIC for how to compute the credit. **Attach a copy of the North Dakota SBIC Investment Reporting Form.**

Line 12. Enter the amount of the credit allowed for investment in a certified nonprofit development corporation under N.D.C.C. § 10-33-124. See the investment reporting form provided to you by the corporation for how to compute the credit. **Attach a copy of the Certified Nonprofit Development Corporation Investment Reporting Form.**

Line 13. Enter the amount of the credit allowed for investment in a business certified by the Director of Economic Development and Finance as a qualifying business for the seed capital investment credit under N.D.C.C. ch. 57-38.5. See the investment reporting form provided to you by the qualifying business for how to compute the credit. **Attach a copy of the Seed Capital Investment Reporting Form.**

Line 19. If the amount on line 18 is \$5.00 or more, enter the amount, if any, of your overpayment that you want applied to your 1998 estimated tax. You may elect to have this amount applied to an estimated tax installment other than the first installment by attaching a statement on which you (1) state that you are making this election and (2) specify the particular installment to which you want the amount applied. Once you apply an overpayment to your 1998 estimated tax, it can only be claimed as a credit on your 1998 return.

Lines 20 and 21. If the amount on line 18 is \$5.00 or more, you may make a voluntary contribution of part or all of your overpayment to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. Please note that any contribution must be at least \$1.00 and that the contribution will reduce your refund.

Lines 24 and 25. If the amount on line 23 is \$5.00 or more, you may make a voluntary contribution to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. Please note that any contribution must be at least \$1.00 and that the contribution will increase your balance due.

Line 26. The balance due (including any amount from Line 27) must be paid in full when the return is filed. Payment should be made by check or money order payable to the "State Tax Commissioner." Do not send cash or stamps. If the amount on line 23 is \$5.00 or more and if you chose to make a contribution to the Nongame Wildlife Fund (on line 24) and/or Centennial Tree Trust Fund (on line 25), you must pay the balance due in full to get credit for your contribution(s).

Penalty and interest provisions - If a return is timely filed but the tax due (on line 23) is not paid in full with the return, or if a return is not filed by the due date *and* there is a tax due, a penalty of 5% of the tax due or \$5.00, whichever is greater, must be paid. Also, an interest charge of 1% per month or a fraction of a month (excepting the month in which the return was due) of the tax due must be paid.

Line 27. Interest is charged for underpayment of estimated North Dakota income tax. To determine if you owe interest for 1997, obtain and complete Form 400-UT. Enter on this line the amount, if any, from line 17, Form 400-UT. Any amount entered on this line will reduce your overpayment on line 18 or will increase your balance due on line 26. If there is no overpayment or balance due on your individual income tax return and if the amount due on Form 400-UT is at least \$5.00, enclose a check or money order for the amount due on Form 400-UT with your return.

**Sources Of Exempt And Nonexempt Interest Income
For Purposes Of The Adjustment For Interest From U.S. Obligations
On Line 3, Form 37-S and Line 7, Schedule 2, Form 37**

Important

This list is dependent upon federal law and, in some cases, an interpretation of federal law, and is therefore subject to change. This list is not all-inclusive. If you have a question about other sources of interest income, you may write to the Office of State Tax Commissioner for assistance.

Interest income from the following sources is exempt from North Dakota income tax by reason of federal statute and, to the extent included in federal adjusted gross income, may be entered on Line 3, Form 37-S or Line 7, Schedule 2, Form 37:

Banks for Cooperatives	General Insurance Fund (Dept. of HUD)
Commodity Credit Corporation	Production Credit Associations
Federal Deposit Insurance Corporation	Student Loan Marketing Association
Federal Farm Credit System	Tennessee Valley Authority
Federal Home Loan Banks	U.S. Postal Service
Federal Intermediate Credit Banks	U.S. Savings Bonds
Federal Land Banks	U.S. Treasury Bills
Federal Savings and Loan Insurance Corporations	U.S. Treasury Notes

Interest income from the following sources is NOT exempt from North Dakota income tax because federal law does not specifically exempt the interest income from state taxation or the Federal Government is not primarily obligated to pay the interest:

Asian Development Bank	Government National Mortgage Association
Building and Loan Associations	(Ginnie Mae)
Environmental Financing Authority	Inter-American Development Bank Bonds
Federal Home Loan Mortgage Corporation	International Monetary Fund and Bank for
Federal National Mortgage Association	Reconstruction and Development (World
(Fannie Mae)	Bank)
Federal or State Savings and Loan Association	Jonathan Development Corporation
	R.F.K. Stadium Bonds

Interest received in the following instances is NOT exempt:

- On refunds of federal income taxes
- On refunds of state or local income taxes
- Under repurchase agreements

Instructions For Schedule NR

If you are required to file as a nonresident (because you were a nonresident of North Dakota for the entire year or you moved out of North Dakota during the year), or if you moved into North Dakota during the year and elect to file as a nonresident, you must complete Schedule NR before completing either Form 37-S or Form 37. Schedule NR is used to determine the part of your Federal adjusted gross income that is reportable to North Dakota. Attach Schedule NR to your North Dakota return.

- First, complete **Column A** by entering the amounts from your Federal return on the appropriate lines of Schedule NR.
- Second, complete **Column B** according to the specific instructions below.
- Third, complete **Column C** by entering the portion of the amounts from Column A that are not reportable to North Dakota.

IMPORTANT: THE INSTRUCTIONS TO LINES 1 THROUGH 24 APPLY ONLY TO COLUMN B.

Line 1. Enter wages, salaries, tips, commissions, bonuses, and other forms of compensation received for services performed in North Dakota. Also, if you moved into or out of North Dakota during the year, enter compensation received for work performed outside North Dakota during the period of North Dakota residence.

Minnesota or Montana residents. Do not enter in Column B compensation that qualifies for reciprocity treatment; instead, enter it in Column C. See page 3 of this booklet for more information.

Interstate commerce employees. If you performed regularly assigned duties in more than one state for a railroad or other interstate motor carrier (as defined by Federal law in 49 U.S.C. 11504), and you were a nonresident of North Dakota for the entire tax year, do not enter compensation for duties performed in North Dakota; however, if you moved into or out of North Dakota during the year, enter compensation received during the period of North Dakota residence.

Lines 2 through 5. If you separately reported on your Federal return any interest and/or dividend income from a partnership or Subchapter S corporation doing business in North Dakota, enter your share of this income that is allocated and apportioned to North Dakota by the partnership (on North Dakota Form 58) or the Subchapter S corporation (on North Dakota Form 60).

Except for interest and dividend income described above, if you were a nonresident of North Dakota for the entire year, do not make an entry on these lines; however, if you moved into or out of North Dakota during the year, enter interest (except interest on U.S. obligations) and dividends received during the period of North Dakota residence.

Line 6. If you operated a business entirely within North Dakota, enter the entire net income or loss. If you operated a business within and without North Dakota, enter the net income or loss attributable to North Dakota.

Lines 7 and 8. Enter net gains or losses from sales or exchanges of *tangible* property located in North Dakota. Also, if you moved into or out of North Dakota during the year, enter net gains or losses from sales or exchanges of *tangible* property located outside North Dakota where the recognition of the gain or loss for tax purposes occurs during the period of North Dakota residence.

Enter net gains or losses from sales or exchanges of *intangible* property used in a trade or business operated in North Dakota. Also, if you moved into or out of North Dakota during the year, enter all net gains or losses from sales or exchanges of *intangible* property where the recognition of the gain or loss for tax purposes occurs during the period of residence.

If you separately reported on your Federal return any net gain or loss from a partnership or Subchapter S corporation doing business in North Dakota, enter your share of the net gain or loss allocated and apportioned to North Dakota by the partnership (on North Dakota Form 58) or the Subchapter S corporation (on North Dakota Form 60).

Lines 9 and 10. If you were a nonresident of North Dakota for the entire year, do not make an entry on these lines. However, if you moved into or out of North Dakota during the year, enter the amount received during the period of North Dakota residence.

Line 11. Enter net income or loss from leasing tangible property located in North Dakota, and net income or loss from an interest in oil, coal, or other

mineral property located in North Dakota. Also, if you moved into or out of North Dakota during the year, enter net income or loss derived from all lease or mineral property (regardless of the location of the property) during the period of North Dakota residence.

If you own an interest in a partnership or Subchapter S corporation that operates entirely within North Dakota, enter your entire share of the ordinary income or loss. If you own an interest in a multistate partnership or Subchapter S corporation, enter your share of the ordinary income or loss allocated and apportioned to North Dakota by the partnership (on North Dakota Form 58) or the Subchapter S corporation (on North Dakota Form 60).

If you are a beneficiary of an estate or trust that derived income from North Dakota sources, enter your share of the North Dakota income received from the estate or trust; however, do not include interest, dividends, pensions, or annuities. Also, if you moved into or out of North Dakota during the year, enter your share of all income (except interest on U.S. obligations) received from the estate or trust during the period of North Dakota residence.

Note: Attach a schedule separately identifying each source of North Dakota income, the general location of rental or mineral property located in North Dakota, and the name and federal identification number of each partnership, Subchapter S corporation, estate or trust doing business in or having income from North Dakota sources.

Line 12. If you operated a farm or ranch entirely within North Dakota, enter the entire net income or loss. If you operated a farm or ranch partly within North Dakota, enter the net income or loss attributable to North Dakota.

Line 13. Enter amount received from North Dakota. Also, if you moved into or out of North Dakota during the year, enter the amount received from sources outside North Dakota during the period of North Dakota residence.

Line 14. If you were a nonresident of North Dakota for the entire tax year, do not make an entry on this line. However, if you moved into or out of North Dakota during the year and you received social security benefits during the period of North Dakota residence, divide the taxable part of your social security benefits (on your Federal return) by the total social security benefits (on your Federal return) to compute the percentage of your social security benefits that are taxable. Multiply the percentage times the total social security benefits received during the period of North Dakota residence and enter the result.

Line 15. Enter the portion of any other income which has its source in North Dakota. Include income from gambling in North Dakota. Also, if you moved into or out of North Dakota during the tax year, enter any income received from sources outside North Dakota during the period of North Dakota residence.

Lines 17 through 24. Enter amounts directly related to North Dakota income. An IRA or medical savings account deduction must be based on the ratio of North Dakota earned income to total earned income. If you moved into North Dakota during the year, enter the amount of your moving expenses; however, if you were a nonresident of North Dakota for the entire year or you moved out of North Dakota during the year, do not enter your moving expenses. A deduction for self-employment tax, self-employed health insurance premiums, and Keogh and SEP contributions must be based on the ratio of North Dakota self-employment income to total self-employment income. A deduction for penalty on early withdrawal is allowed only if the related interest income is reported to North Dakota. A deduction for alimony is allowed for the portion paid during the period of North Dakota residence, if applicable.

Line 26. The amount in Column A must equal your Federal adjusted gross income. The amounts in Columns B and C must add up to Column A.

If you file Form 37-S, enter the amount from Column C, Schedule NR, on line 4, Form 37-S. However, if the amount in Column C is less than zero AND the amount in Column B is greater than zero, do not make an entry on line 4, Form 37-S; instead, you must contact the Office of State Tax Commissioner to obtain Schedule 7 which must be completed before completing Form 37-S.

If you file Form 37, enter the amount from Column A, Schedule NR, on line 1, Column A, Schedule 3, Form 37. Enter the amount from Column B, Schedule NR, on line 1, Column B, Schedule 3, Form 37.

- **This schedule must be completed prior to completing Form 37-S or Form 37**
- **Attach this schedule to Form 37-S or Form 37**
- **Please make a copy of this schedule for your records**

Name(s): _____ Social Security Number: _____

If you moved into or out of North Dakota during 1997, enter dates you were a resident of North Dakota -

From: _____ To: _____

Column A — Complete this column first by entering the amounts from your Federal return.

Column B — Complete this column next according to the specific line instructions found on page 10.

Column C — Complete this column last by entering the amounts from Column A that are not reportable to North Dakota.

Please Read The Instructions On Page 10 Before Completing This Schedule.		COLUMN A FEDERAL RETURN	COLUMN B NORTH DAKOTA SOURCES	COLUMN C NON-NORTH DAKOTA SOURCES
1. Wages, salaries, tips, etc.	1			
2. Taxable interest (Schedule B, if required)	2			
3. Dividend income (Schedule B, if required)	3			
4. Taxable refunds, credits, or offsets of state and local income taxes	4			
5. Alimony received	5			
6. Business income or (loss) (Schedule C or C-EZ)	6			
7. Capital gain or (loss) (Schedule D)	7			
8. Other gains or (losses) (Form 4797)	8			
9. Taxable amount of IRA distributions	9			
10. Taxable amount of pensions and annuities	10			
11. Rental real estate, royalties, partnerships, S corporations, estates, trusts, etc. (Schedule E)	11			
12. Farm income or (loss) (Schedule F)	12			
13. Unemployment compensation	13			
14. Taxable amount of social security benefits	14			
15. Other income	15			
16. Total income (Add Lines 1 through 15)	16			
Adjustments to Income				
17. IRA deduction	17			
18. Medical savings account deduction (Form 8853)	18			
19. Moving Expenses (Form 3903 or 3903-F)	19			
20. One-half of self-employment tax	20			
21. Self-employed health insurance deduction	21			
22. Keogh and self-employed SEP and SIMPLE plans	22			
23. Penalty on early withdrawal of savings	23			
24. Alimony paid	24			
25. Total adjustments (Add Lines 17 through 24)	25			
Adjusted gross income (Line 16 less Line 25)				
26. Adjusted gross income (Line 16 less Line 25)	26			

**Instructions For Transferring Information From
Schedule NR To Either Form 37-S Or Form 37:**

If you file Form 37-S:

Enter the amount from line 26, Column C on line 4, Form 37-S. However, if the amount on line 26, Column C is less than zero AND the amount on line 26, Column B is greater than zero, do not make an entry on line 4, Form 37-S; instead, you must contact the Office of State Tax Commissioner to obtain Schedule 7 which must be completed before completing Form 37-S.

If you file Form 37:

- Enter the amount from line 26, Column A on line 1, Column A, Schedule 3, Form 37.
- Enter the amount from line 26, Column B on line 1, Column B, Schedule 3, Form 37.

North Dakota law requires that the income tax form must contain a method for the taxpayer to identify the school district in which he or she resides. A five-digit code number has been assigned to each school district. Find the code number opposite the name of the city and school district. Enter the code number in the block provided for this purpose on Form 37-S or Form 37. NOTE: If you did not reside in North Dakota during the tax year, enter the code number 54-000.

School District Address	School District	Code No.	School District Address	School District	Code No.	School District Address	School District	Code No.
Adams	ND Adams 128	50-128	Halliday	ND Halliday 19	13-019	Oriska	ND Oriska 13	02-013
Alexander	ND Alexander 2	27-002		Twin Buttes 37	13-037	Osnabrock	ND Osnabrock 1	10-001
Almont	ND Sims 8	30-008	Hankinson	ND Hankinson 8	39-008	Page	ND Page 80	09-080
Amidon	ND Central Elem. 32	44-032	Harvey	ND Harvey 38	52-038	Park River	ND Park River 78	50-078
Anamoose	ND Anamoose 14	25-014	Hatton	ND Hatton 7	49-007	Parshall	ND Parshall 3	31-003
Argusville	ND Northern Cass 97	09-097	Hazelton	ND Haz-Mof-Brad 6	15-006	Pembina	ND Pembina 1	34-001
Ashley	ND Ashley 9	26-009	Hazen	ND Hazen 3	29-003	Pettibone	ND Pettibone-Tuttle 11	22-011
Baldwin	ND Baldwin 29	08-029	Hebron	ND Hebron 13	30-013	Pingree	ND Pingree Buchanan 10	47-010
Beach	ND Beach 3	17-003	Hettinger	ND Hettinger 13	01-013	Plaza	ND Plaza 137	31-137
Belcourt	ND Belcourt 7	40-007	Hillsboro	ND Hillsboro 9	49-009	Pollock	SD Union 12	15-012
Belfield	ND Belfield 13	45-013	Hoople	ND Valley 12	34-012	Powers Lake	ND Powers Lake 27	07-027
Berthold	ND Berthold 54	51-054	Hope	ND Hope 10	46-010	Ray	ND Nesson 2	53-002
Beulah	ND Beulah 27	29-027	Hurdsfield	ND Pleasant Valley 35	52-035	Reeder	ND Reeder 3	01-003
Binford	ND Midkota 7	20-007	Inkster	ND Midway 128	18-128	Regan	ND Regan 2	08-002
Bisbee	ND W Central 2	48-002	Jamestown	ND Jamestown 1	47-001	Regent	ND Regent 14	21-014
Bismarck	ND Bismarck 1	08-001	Kenmare	ND Kenmare 28	51-028	Rhame	ND Rhame 17	06-017
	Naughton 25	08-025	Kensal	ND Kensal 19	47-019	Richardton	ND Richardton 4	45-004
	Apple Creek 39	08-039	Killdeer	ND Killdeer 16	13-016	Robinson	ND Robinson 14	22-014
	Manning 45	08-045	Kindred	ND Kindred 2	09-002	Rock Lake	ND N Central 28	48-028
Bottineau	ND Bottineau 1	05-001	Kulm	ND Kulm 7	23-007	Rogers	ND N Central 65	02-065
Bowbells	ND Bowbells 14	07-014	Lakota	ND Lakota 66	32-066	Rolette	ND Rolette 29	40-029
Bowdon	ND Bowdon 23	52-023	LaMoure	ND LaMoure 8	23-008	Rolla	ND Mt. Pleasant 4	40-004
Bowman	ND Bowman 1	06-001	Langdon	ND Langdon 23	10-023	Roseglen	ND White Shield 85	28-085
	Sheets 14	44-014	Lankin	ND Lankin 39	50-039	Rugby	ND Rugby 5	35-005
Butte	ND Butte 62	28-062	Lansford	ND Lansford 35	05-035	Sawyer	ND Sawyer 16	51-016
Buxton	ND Central Valley 3	49-003	Larimore	ND Larimore 44	18-044	Scranton	ND Scranton 33	06-033
Calvin	ND Border Central 14	10-014	LaMoure	ND LaMoure 8	23-008	Selfridge	ND Selfridge 8	43-008
Cando	ND Southern 8	48-008	Leeds	ND Leeds 6	03-006	Sheldon	ND Sheldon 2	37-002
Carrington	ND Carrington 10	16-010	Lidgerwood	ND Lidgerwood 28	39-028	Sherwood	ND Sherwood 2	38-002
Carson	ND Roosevelt 18	19-018	Lignite	ND Burke Central 36	07-036	Sheyenne	ND Sheyenne 12	14-012
Cartwright	ND Horse Creek 32	27-032	Linton	ND Linton 36	15-036	Sidney	MT Earl 18	27-018
Casselton	ND Central Cass 17	09-017	Lisbon	ND Lisbon 19	37-019		Bowline Butte 19	27-019
Cavalier	ND Cavalier 6	34-006	Litchville	ND Litchville 52	02-052	Solen	ND Solen 3	43-003
Center	ND Center 18	33-018	Maddock	ND Maddock 9	03-009	South Heart	ND South Heart 9	45-009
Collfax	ND Richland 44	39-044	Makoti	ND N Shore 158	51-158	Spiritwood	ND Spiritwood 26	47-026
Cooperstown	ND Griggs County		Mandan	ND Mandan 1	30-001	St. Anthony	ND Little Heart 4	30-004
	Central 18	20-018		Sweet Briar 17	30-017	St. John	ND St. John 3	40-003
Crosby	ND Divide County 1	12-001	Mandaree	ND Mandaree 36	27-036	St. Thomas	ND St. Thomas 43	34-043
Des Lacs	ND United 7	51-007	Mantador	ND Mantador 5	39-005	Stanley	ND Stanley 2	31-002
Devils Lake	ND Devils Lake 1	36-001	Manvel	ND Manvel 125	18-125	Stanton	ND Stanton 22	29-022
Dickinson	ND Dickinson 1	45-001	Mapleton	ND Mapleton 7	09-007	Starkweather	ND Starkweather 44	36-044
Dodge	ND Dodge 8	13-008	Marion	ND Marion 9	23-009	Steele	ND Steele-Dawson 26	22-026
Drake	ND Drake 57	25-057	Marmarth	ND Marmarth 12	44-012	Sterling	ND Sterling 35	08-035
Drayton	ND Drayton 19	34-019	Max	ND Max 50	28-050	Strasburg	ND Strasburg 15	15-015
Driscoll	ND Driscoll 36	08-036	Mayville	ND May Port CG 14	49-014	Surrey	ND Surrey 41	51-041
Dunseith	ND Dunseith 1	40-001	McClusky	ND McClusky 19	42-019	Sykeston	ND Sykes 39	52-039
Edgeley	ND Edgeley 3	23-003	McKenzie	ND McKenzie 34	08-034	Tappen	ND Tappen 28	22-028
Edinburg	ND Edinburg 106	50-106	McLeod	ND Salund 10	37-010	Taylor	ND Taylor 3	45-003
Edmore	ND Edmore 2	36-002	McVile	ND Dakota Prairie 1	32-001	Thompson	ND Thompson 61	18-061
Egeland	ND E Central 12	48-012	Medina	ND Medina 3	47-003	Tioga	ND Tioga 15	53-015
Elgin	ND Elgin 16	19-016	Medora	ND Billings Co. 1	04-001	Tower City	ND Maple Valley 4	09-004
Ellendale	ND Ellendale 40	11-040	Menoken	ND Menoken 33	08-033	Towner	ND Newport 4	25-004
Emerado	ND Emerado 127	18-127	Milnor	ND Milnor 2	41-002	Trenton	ND Eight Mile 6	53-006
Enderlin	ND Enderlin 22	37-022	Milton	ND Milton 30	10-030	Turtle Lake	ND Turtle Lake Mercer 72	28-072
Fairmount	ND Fairmount 18	39-018	Minnewaukan	ND Minnewaukan 5	03-005	Tuttle	ND Tuttle-Pettibone 20	22-020
Fairview	MT Yellowstone 14	27-014	Minot	ND Minot 1	51-001	Underwood	ND Underwood 8	28-008
Fargo	ND Fargo 1	09-001		Nedrose 4	51-004	Upham	ND Upham 29	25-029
Fessenden	ND Fessenden 40	52-040		Bell 10	51-010	Valley City	ND Valley City 2	02-002
Finley	ND Finley Sharon 19	46-019		Eureka 19	51-019	Velva	ND Velva 1	25-001
Flasher	ND Flasher 39	30-039		S Prairie 70	51-070	Verona	ND Verona 11	23-011
Fordville	ND Fordville 79	50-079		Air Force Base 160	51-160	Wahpeton	ND Wahpeton 37	39-037
Forman	ND Sargent Central 6	41-006	Minto	ND Minto 20	50-020	Walhalla	ND Walhalla 27	34-027
Ft. Ransom	ND Ft. Ransom 6	37-006	Mohall	ND Mohall 9	38-009	Warwick	ND Warwick 29	03-029
Ft. Totten	ND Ft. Totten 30	03-030	Montpelier	ND Montpelier 14	47-014	Washburn	ND Washburn 4	28-004
Ft. Yates	ND Ft. Yates 4	43-004	Mott	ND Mott 6	21-006	Watford City	ND McKenzie Co 1	27-001
Gackle	ND Gackle-Streeter 56	24-056	Munich	ND Munich 19	10-019	West Fargo	ND West Fargo 6	09-006
Garrison	ND Garrison 51	28-051	Napoleon	ND Napoleon 2	24-002	Westhope	ND Westhope 17	05-017
Glen Ullin	ND Glen Ullin 48	30-048	Nash	ND Nash 51	50-051	Wildrose	ND Wildrose-Alamo 91	53-091
Glenburn	ND Glenburn 26	38-026	Neché	ND Neche 55	34-055	Williston	ND Williston 1	53-001
Golden Valley	ND Golden Valley 20	29-020	New England	ND New England 9	21-009		New 8	53-008
Golva	ND Lone Tree 6	17-006	New Leipzig	ND New Leipzig 15	19-015	Willow City	ND Willow City 13	05-013
Goodrich	ND Goodrich 16	42-016	New Rockford	ND New Rockford 1	14-001	Wilton	ND Montefiore 1	28-001
Grafton	ND Grafton 3	50-003	New Salem	ND New Salem 7	30-007	Wimbledon	ND Wimbledon CT 82	02-082
Grand Forks	ND Grand Forks 1	18-001	New Town	ND New Town 1	31-001	Wing	ND Wing 28	08-028
	Air Force Base 140	18-140	Newburg	ND Newburg United 54	05-054	Wishek	ND Wishek 19	26-019
Granville	ND Granville 25	25-025	Northwood	ND Northwood 129	18-129	Wolford	ND Wolford 1	35-001
Grenora	ND Grenora 99	53-099	Oakes	ND Oakes 41	11-041	Wyndmere	ND Wyndmere 42	39-042
Gwinner	ND N Sargent 3	41-003	Oberon	ND Oberon 16	03-016	Zeeland	ND Zeeland 4	26-004
Hague	ND Bakker 10	15-010						

North Dakota - Schedule 4 - Resident Filers

1997

1997

Schedule For Computing Credit For Income Tax Paid To Another State

(Attach to Form 37-S or Form 37)

Name(s)	Social Security Number		
1. Enter your federal adjusted gross income (From Line A, Form 37-S or Line A, Schedule 2, Form 37) (SJ)	1		
2. Enter the amount of your federal adjusted gross income reportable to the other state (Please read instructions) (SK)	2		
3. Divide Line 2 by Line 1 (Round to the nearest whole percentage) (cannot exceed 100%) %	3		
4. Enter amount from Line 10, Form 37-S or Line 2, Form 37 (Tax Computation Schedule)	4		
5. Multiply the amount on Line 4 by the percentage on Line 3 (SL)	5		
6. Enter the income tax you paid to another state (Please read instructions) (SM)	6		
7. Enter the smaller of Line 5 or Line 6 here and on Line 11, Form 37-S or Line 3, Form 37 (See instructions)	7		

Instructions For Schedule 4 Above

Important

- You must attach a copy of the other state's income tax return to your North Dakota income tax return. If you do not attach a copy of the other state's return, the credit will be disallowed.
- If you paid income tax to more than one state, you must complete a separate Schedule 4 for each state.
- Attach this schedule to your North Dakota income tax return.

This schedule may be used by an individual who was a resident of North Dakota for the entire tax year and who is required to pay income tax to another state on income that is also taxable by North Dakota. For this purpose, a state includes the District of Columbia and a territory of the United States. This schedule may also be used by an individual who moved *into* North Dakota during the tax year (where the move constituted a change in legal residence) and who has chosen to file as a resident. (See "Filing procedures for individuals who changed residence to North Dakota" under "Individual Who Changed Residence During Tax Year" on page 2 of the instruction booklet for more information).

If a resident filer is required to pay income tax to two or more states on income that is also taxable by North Dakota, a separate Schedule 4 must be completed for each state. The separately computed credits are then added together and the total is entered on the appropriate line of either Form 37-S or Form 37.

Line 2. This is the amount of your income, losses, and adjustments to income included in the computation of your federal adjusted gross income that is properly reportable to the other state. Do not include any amount for personal or dependency exemptions, standard deduction, itemized deductions, or any

modification to federal adjusted gross income required by the other state's tax laws.

Line 6. This is your tax liability on the other state's income tax return after subtracting all income tax credits (except withholding and estimated tax) claimed on the other state's income tax return.

The entry on this line must be an actual income tax liability from the other state's income tax return. Do not enter the amount of the other state's income tax withheld from your wages or the amount of any estimated tax paid to the other state. Neither the amount withheld for, nor the estimated tax paid to, the other state constitutes the actual tax liability owed to the other state since it represents an estimate of your tax liability owed to the other state, part or all of which may be refundable to you. **If you do not file an income tax return with the other state, you are not entitled to a credit.**

Line 7. If you are completing more than one Schedule 4 because you paid income tax to more than one other state, add the amount from Line 7 of each Schedule 4 and enter this total on Line 11, Form 37-S or Line 3, Form 37.

Where to get forms and assistance with your North Dakota return

If you need a form or schedule mentioned in this booklet, or should you have a question about preparing your return . . .

Call us

In the Bismarck-Mandan area, or
from outside North Dakota at (701)328-3450

Toll free (if calling from within
North Dakota) at **1-800-638-2901**

If you use a telecommunication device (TDD/TTY) for the speech or hearing impaired, call us

In the Bismarck-Mandan area, or
from outside North Dakota at (701)328-2778

Toll free (if calling from within
North Dakota) at **1-800-453-8950**

Write to

Office of State Tax Commissioner
State Capitol, 16th Floor
600 E. Boulevard Ave.
Bismarck, North Dakota 58505-0599

Visit our Internet website

You may also obtain North Dakota tax forms, send messages, and find other information on the Office of State Tax Commissioner's home page. Our website address is:

www.state.nd.us/taxdpt

Come in to see us

While most questions you may have about preparing your North Dakota income tax return can be handled with a phone call or letter, you may also stop in and see us in person at our main office in Bismarck—

Individual Income Tax Section
State Capitol, 16th Floor
Monday-Friday, 8 a.m. to 5 p.m.
(except holidays)

Need assistance with your federal return?

In cooperation with the Internal Revenue Service, and for your information and convenience, we are providing the following schedule of walk-in service locations where you may obtain help with your federal income tax return.

City	Location	Date	Time
Bismarck	Dacotah Foundation Building Suite 7A 600 S. 2nd St.	Monday thru Friday January thru December	8:30 to 11:00 a.m. 12:00 noon to 4:00 p.m.
Fargo	Federal Building Room 470 657 2nd Ave. N.	Monday thru Friday January thru December	8:00 a.m. to 4:30 p.m.
Grand Forks	Federal Building Room 137 102 N. 4th St.	Monday thru Friday January thru December	9:00 a.m. to 1:00 p.m. 2:00 p.m. to 4:30 p.m.

Telephone Service

Tax information and notice inquiries	1-800-829-1040
Forms and publications orders	1-800-829-3676
Recorded tax and refund information	1-800-829-4477